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13 March 1962

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CENTRAL INTELLIGENCE BULLETIN



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*USSR - Disarmament Conference: The Soviet Union is emphasizing, as two of the paramount issues facing the 17-nation disarmament conference, which opens on 14 March, the prohibition of both the use and dissemination of nuclear weapons. In replies to acting UN Secretary General U Thant's queries on the Soviet attitude toward signing a convention banning the use of nuclear weapons, Foreign Minister Gromyko reiterated Soviet willingness to sign such an agreement. Gromyko also restated Soviet endorsement of Sweden's non-nuclear club proposal and said the USSR would assume an obligation not to turn over nuclear weapons or information relating to their production to other countries "provided the US, Britain, and France assume identical obligations." The Soviet letters also inject the question of establishing nuclear-free zones in various regions of the world.

U Thant's letters--sent to each UN member nation--requested a reply by April. The content and timing of Gromyko's letters, dated 10 March and released by Moscow two days before the scheduled opening of the conference, suggest that one of Moscow's primary tactics during the initial phase of the conference will be to press for confidence-building partial measures. [REDACTED]

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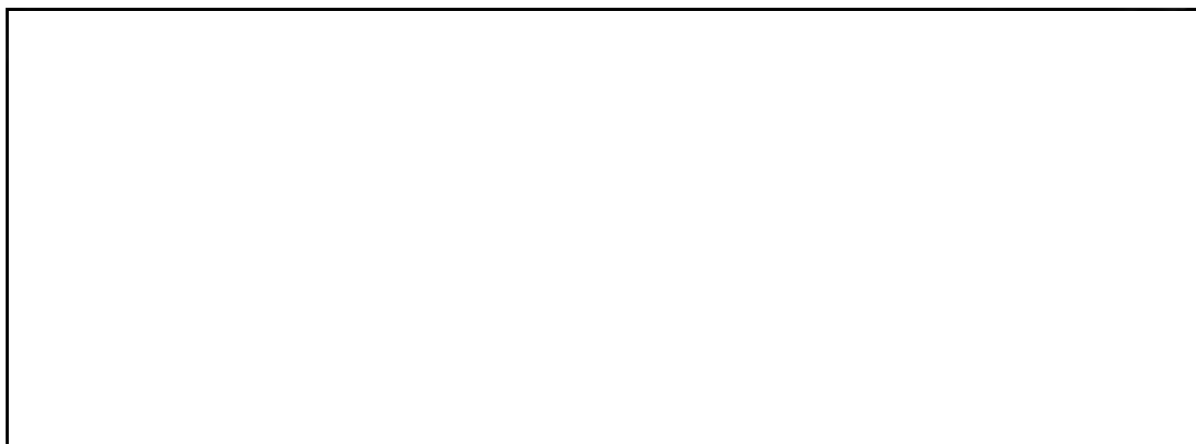
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***East - West Germany:** [Bonn has agreed to a one-year extension of the 30 June deadline for settlement of the East German debt under interzonal trade (IZT), thus opening the way for East Germany to obtain badly needed equipment and materials from West Germany. This move represents a concession]

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by West Germany and will permit a higher level of trade than would otherwise have been possible. Bonn hopes that the continuing advantages of IZT to East Germany will serve as a guarantee for access to Berlin.

In an effort to reduce the trade gap before 30 Jun, East Germany had stepped up deliveries to West Germany, especially of brown coal and petroleum products, while withholding orders for West German hard coal, steel, and machinery. In this way, the debt had been reduced as of 8 March from between 65,000,000 and 70,000,000DM (\$16,200,000 to \$17,500,000) to 50,600,000DM (\$12,600,000).

South Vietnam: Another anti-American press campaign, similar to that instigated last November by President Diem's brother and political adviser Ngo Dinh Nhu, may have begun in Saigon. In a speech on 11 March, obviously directed at the US, Nhu's wife strongly criticized "pseudo-liberalism" in the free world for paralleling the Communist claim that dissidence in South Vietnam is due to the government's failure to attract mass support. Madame Nhu argued that the growth of world neutralism is favored by "the inability of Western democracy to protect those whom Communism covets." She stated that the "only reason for the insecurity" in South Vietnam is "irresponsible Western assistance" which denied Diem's request in 1955 for a buildup of paramilitary forces in rural areas. Madame Nhu was injured in the recent bombing of Diem's palace; her remarks that "it is criminal" to incite to murder and disorder suggest that she believes the attack was stimulated in part by US criticism of the Diem regime.

Netherlands-Indonesia: The foreign affairs spokesman in the lower chamber of parliament for the governing Catholic

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[People's party and close associate of Foreign Minister Luns, told US officials on 10 March that he is convinced the Dutch Government must "give" West New Guinea to Indonesia and that this would be politically feasible if Djakarta were prepared to make reasonable concessions to Dutch sensibilities and prestige. He said that if bilateral talks take place, a formula might be worked out providing for continuing Dutch administration for the remainder of 1962 and joint Dutch-Indonesian administration for the following 2-3 years, during which time the Dutch would gradually phase out. In a subsequent plebiscite, he believes the area would opt to join Indonesia.]

[The spokesman emphasized that Luns' views were close to his own and that there should be no doubt as to the foreign minister's willingness to give up West New Guinea.]

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Communist China - Portugal: Communist China is bringing pressure to bear on Portuguese authorities in Macao in an effort to curb Chinese Nationalist activities there. Peiping's People's Daily on 11 March reported that Portuguese officials had been warned to take "effective measures" to prevent the use of Macao to support sabotage operations against the mainland. The Chinese Communists claimed the capture of a Nationalist sampan on 7 March in waters near the colony and alleged that another vessel escaped to Macao.

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Peiping's warning is designed to play upon Lisbon's uneasiness over the Portuguese future in Macao, which has increased since India's attack on Goa.

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Communist China: Production of freight cars in Communist China fell from 20,870 in 1960 to between 2,000 to 4,000 in 1961, a decline of 80 to 90 percent. The production slump,

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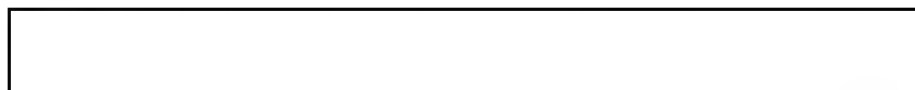
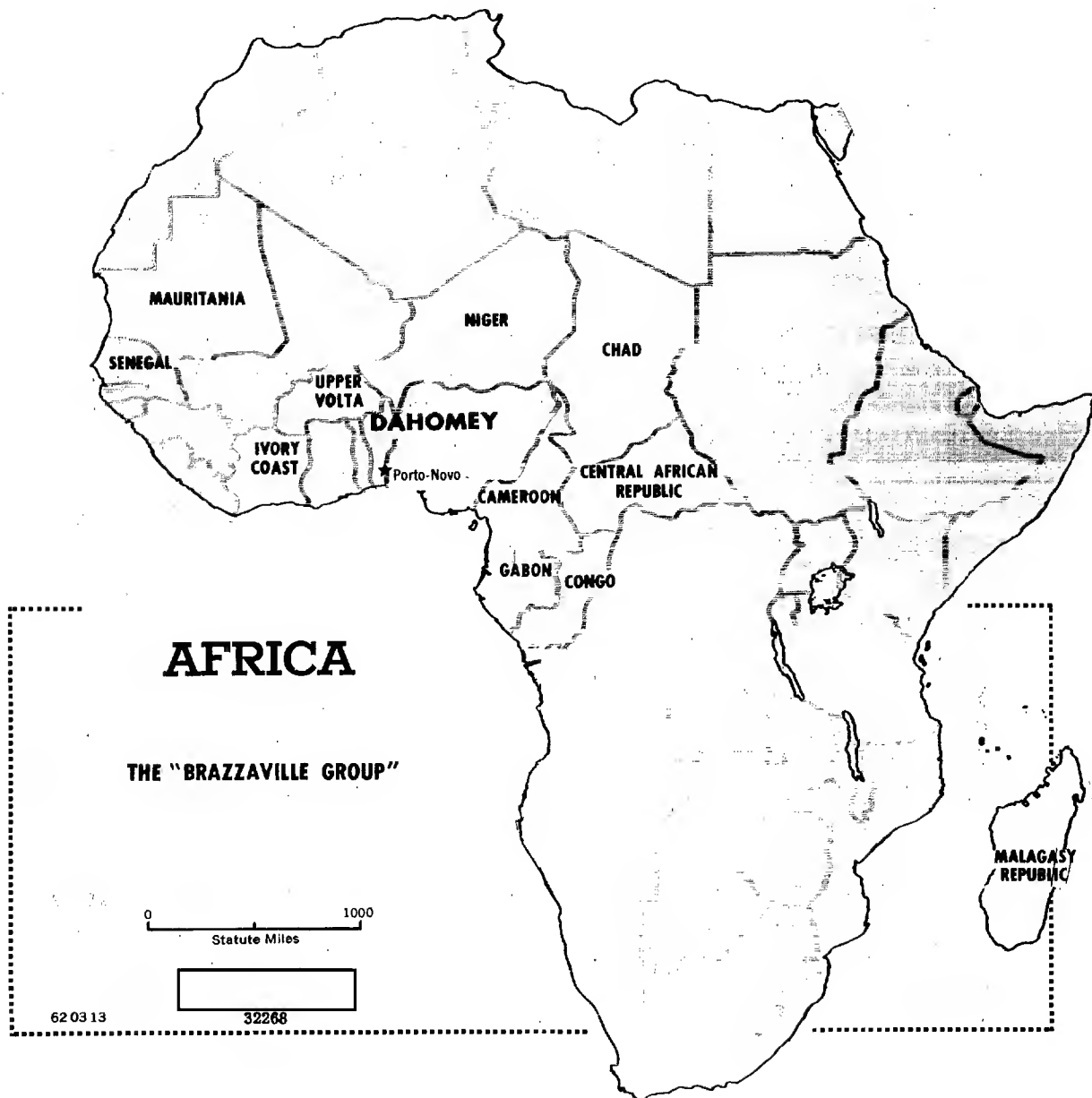
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[redacted] has been aggravated by an austerity budget adopted in January. An ambitious and politically necessary development plan has not yet received the required Western financial support. President Maga last month reorganized his cabinet in an apparent attempt to reduce the influence of ambitious and leftist-oriented Vice President Apithy. Maga has thus far resisted the vice president's advocacy of close ties with radical African states and the Soviet bloc, but on 8 March, in conversation with the US ambassador, he bitterly criticized what he felt was failure of Western support, and said he was under great pressure from "young Turks" to seek assistance from the Soviet bloc. The Western-oriented President of neighboring Niger, under similar pressure, recently concluded trade agreements with both Poland and Czechoslovakia.

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[redacted] Backup, Page 2)
(Map)

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Pressures on the Government of Dahomey

[President Maga's control of the government does not appear to be in immediate danger. The US Embassy in Cotonou reports that although there is considerable dissatisfaction with the government among supporters of Vice President Apithy, they at present lack the necessary leadership to overthrow the government. Apithy himself is in Paris for medical treatment, and there have been recent indications that Maga is not consulting or informing him on governmental affairs. However, Maga was sufficiently concerned about growing unrest to make a special broadcast on 6 March urging the public not to believe unsettling rumors. Ambassador McIlvaine feels that, in any case, Maga controls the army and security forces.]

[The President's criticism of Western assistance may have resulted from a feeling of the moment, as he had just returned from an exhausting 20-day tour of Dahomey to whip up support for the government's austerity budget and four-year development plan. The ambassador, however, who notes signs of open discouragement within the government, points out that Maga is capable of a sudden policy shift that would open the way for Soviet bloc presence in Dahomey.]

[Dahomey's economy, based on subsistence farming and agricultural products, will not support the present political administrative structure. Consequently, the government depends on direct French subsidies for a major portion of its budget, and has been attacked by extremist groups for its failure to achieve "economic independence." This criticism is likely to increase because of Maga's apparent determination, despite the austerity program, to press for rapid completion of a lavish presidential palace. He is still going forward with plans for a costly Independence Day celebration in August.]

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